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C O N F I D E N T I A L ACCRA 000505

SIPDIS

E.O. 12958: DECL: 03/10/2015

TAGS: [FAIR](#) [EINV](#) [GH](#)

SUBJECT: AMBASSADOR DISCUSSES FAA REASSESSMENT WITH
PRESIDENT KUFUOR

REF: A. ACCRA 407

[1](#)B. ACCRA 369

Classified By: Econ Chief Chris Landberg for Reasons 1.5 (b and d)

[1](#)1. (C) Summary: Ambassador Mary C. Yates met with President Kufuor March 9, to discuss FAA's assessment of the Ghana Civil Aviation Authority (GCAA). National Security Advisor, Francis Poku, arranged the meeting. The Ambassador and EconOff explained FAA's decision to downgrade Ghana to Category II status as well as the conditions under which Category I could be regained. Kufuor appeared surprised by the decision, and said that oversight of both GCAA and the new Ghana International Airways (GIA) would be placed under a new Ministry of Aviation attached directly to the President's office. End Summary.

[1](#)2. (C) Ambassador Yates was scheduled to meet with Kufuor to discuss other issues on March 9 at 1730. Late on March 8, however, Poku requested a separate meeting to focus strictly on FAA's recent reassessment of GCAA (ref B). In the meeting, the Ambassador explained FAA's decision to downgrade Ghana until a Ghanaian airline could be licensed under the new civil aviation law. In the meantime, Ghanaian airlines will not be permitted to fly to the US. The Ambassador also said FAA was ready to provide technical assistance during the licensing in order to ensure success, but that the timing of any recertification of GCAA was contingent upon the completion of the license application process by one of the Ghanaian airlines -- either GIA or MK Cargo -- that intends to fly into the US. The President asked whether MK Cargo could finish the process before GIA. EconOff said that MK, as a strict cargo carrier, could, theoretically, be licensed faster than GIA. The President asked several times about MK as the quickest way to qualify for return to Category I status.

[1](#)3. (C) Kufuor explained that he was disappointed with FAA's decision since his government had committed extra resources to ensure that GCAA complied with FAA's report (ref A). EconOff said that FAA was impressed with what GCAA had accomplished between the December and February visits, but that Category I status could not be granted if GCAA had not yet demonstrated a capacity to license an airline under the new law. EconOff also explained that GIA could fly directly to the US from Ghana under a wet-lease arrangement with a US carrier while Ghana was in Category II. The President said GIA's operations were being delayed by the settlement of issues related to the GoG's position in the ownership structure and the possible addition of Ethiopian Airlines as a minority partner. The President said Ghana would own 51 percent of GIA, Ethiopian 10 percent, and the American investors the remaining 40 percent. He also remarked that he needed to know more about who "the Utah investors were." Kufuor requested that FAA's decision not be made public or, if possible, delayed in order to allow GIA to complete the licensing process. The Ambassador said that US law required FAA to make its decision public on its website, but that no public statement would be made by either FAA or the Embassy regarding the downgrade.

[1](#)4. (C) Comment: The President appeared to be surprised by FAA's decision, calling into question the quality of information he has been getting from subordinates on this issue. As the meeting concluded he said he had been misinformed about the situation and that action would be taken. He said control of GCAA and GIA would be taken from Minister of Roads and Transport, Dr. Richard Anane and placed under a new Aviation Ministry attached directly to the Office of the President. Anane -- accused of corruption and the improper use of Ghana Airways' funds during his vetting in February -- is believed to be ultimately responsible for the dysfunctional relationship between GCAA and Ghana's banned, bankrupt, and dissolved national carrier-- the old Ghana Airways. Sources say there is a strong possibility the Acting Director General of GCAA, Nii Badoo, will also be replaced.

[1](#)5. (C) Comment Continued: The President's interest in MK Cargo's license status may mean he would encourage MK to move faster towards certification. Coupled with his comments about GIA's ownership structure, however, it might also indicate a souring of relations with the American investors who stand to lose all or part of the USD 55 million in

investment capital they have raised if news of Ghana's
downgrade is publicized (ref A). End Comment.
YATES